

W-03514A-13-0111  
W-03514A-13-0142

ORIGINAL



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ARIZONA CORPORATION COMMISSION  
UTILITY COMPLAINT FORM

Arizona Corporation Commission  
DOCKETED

Investigator: Jenny Gomez

Phone:

Fax:

SEP 30 2013

Priority: Respond Within Five Days

DOCKETED BY

Opinion No. 2013 - 113008

Date: 9/27/2013

Complaint Description: 08A Rate Case Items - Opposed  
N/A Not Applicable

First:

Last:

Complaint By:

Thomas

Bremer

Account Name:

Thomas Bremer

Home: (

Street:

Work:

City:

Paradise Valley

CBR:

State:

AZ

Zip: 85253

is: E-Mail

Utility Company:

Payson Water Co., Inc.

Division:

East Verde Park Estates

Contact Name:

Contact Phone:

Nature of Complaint:

\*\*\*\*\*DOCKET NUMBER W-03514A-13-0111 & W-03514A-13-0142  
OPPOSE

Comments: This complaint is regarding the following consolidated dockets: Docket No. W-03514A-13-0111 - Payson Water Co. (PWC) cites an operating rate of return of -27% in 2012, and further states that a revenue increase of 125% is needed to adequately serve customers and achieve a +11% rate of return. Docket No. W-03514A-13-0142 - PWC requests permission to incur a debt of \$1,238,000 to fund infrastructure improvements to the Mesa del Caballo (MdC) water system. Specifically, to build a pipeline connecting the MdC system to the Town of Payson's water treatment plant for water from the CC Cragin pipeline. In mid-August, PWC requested the Arizona Corporation Commission (AZCC) to consolidate these two dockets, which was approved. So now the rate increase for all of the communities listed in the Public Notice is linked to the MdC pipeline, with PWC noting that not only is the rate increase needed to achieve a positive return on investment, but that it is also needed to demonstrate adequate income-to-debt ratio to secure the financing for the MdC pipeline. PWC notes that in order to have the MdC pipeline operational before next summer (to avoid expensive water hauling), they must secure the loan very soon, and therefore must be granted the fee increases on an expedited basis. It is in this context that PWC customers received the Public Notice in their water bills very recently (I received mine on September 24), which advised that there will be a Phase 1 hearing at the AZCC offices in Phoenix on September 25, at 10AM. The East Verde Park (EVP) water committee objects to the rate increases as proposed by PWC, on the basis of: 1. Without disputing the 2012 operating losses claimed by PWC, it must be recognized that these losses are driven in large part by PWC's water systems in communities which have a much less robust local groundwater supply than EVP, resulting in much higher water hauling costs than EVP. For example, according to PWC's fee increase application, PWC hauled almost 3.99 million gallons to Mesa del Caballo (MdC) in 2012, compared to only 0.21 million gallons to EVP - a full 95% less water hauling at EVP than MdC. To provide further perspective, water hauling accounted for 26% of all water sold at MdC, compared to only 5.5% at EVP. 2. Furthermore, the extraordinarily steep rate increase is tied to PWC's pending debt for infrastructure improvements at MdC, which will provide no benefit at all to PWC's customers in EVP. Reading the documents related to PWC's request to incur debt for the MdC pipeline (Docket W-03514A-13-0142), one gets the impression that the MdC interconnection pipeline will reduce water hauling costs for all PWC

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customers. This is not true-it will only reduce water hauling costs for Mesa del Caballo customers. It must be emphasized that the communities listed in the Public Notice are many miles apart and their water systems are completely separate. 3. It is unfair to burden the residents of EVP with steep rate increases that offset high water hauling costs outside of EVP and fund infrastructure improvements outside of EVP, providing no benefit to EVP residents, while the EVP water system continues to decay. O The EVP water system dates to the 1950's and has had minimal maintenance and no significant upgrades. The water tank is rusting and the main well is being undermined by erosion from floods of the East Verde River. The EVP water survey conducted in late 2012 showed a widespread sentiment among residents that the EVP water system is a catastrophe waiting to happen, and requests over the years to PWC to do an evaluation of system vulnerabilities and implement proactive maintenance and upgrades (most recently in March, 2013) have been ignored. 4. The short timing between the public notice being provided to EVP residents via their monthly water bill and the Phase 1 Hearing on September 25 is not consistent with AZCC Rule R14-3-208, which states that hearings shall be held not less than 30 days after a notice is first given. O PWC customers need more time to research and fully understand the implications of PWC's applications for rate hike and to secure indebtedness. The Phase 1 hearing was scheduled for September 25, and as described above, PWC customers received notice less than a week before the hearing (I received my notice only 1 day before the Phase 1 hearing). AZCC records [video of Hearing - W-03514A-13-0111, et al. - Payson Water Co., Inc., et al. (Rates/Finance) (Procedural Conference)] show a dialog between PWC attorney Jay Shapiro and AZCC judge Dwight Nodes, discussing the timeline needed for PWC to secure the debt, and agreed that the Phase1 hearing must be scheduled before the end of September. Both of these men are highly experienced in AZCC procedures and fully know that AZCC Rule 14-3-208 requires that hearings are held no sooner than 30 days after public notice. So, even as they were deciding on September 4 that the Phase1 hearing will be held in September, a September meeting was already known to be patently illegal per AZCC procedural rules. Therefore, I propose to the Commission that: a) EVP is excluded from the cost increases proposed by PWC in consolidated dockets W-03514A-13-0111 and -0142. b) Any rate increases that PWC proposes to implement for their EVP customers are addressed by an application to the AZCC that is separate from the applications in Dockets W-03514A-13-0111 and -0142. c) Any rate increases that PWC proposes to implement for their EVP customers are supported by the actual costs of providing service at EVP, and not at far-away communities whose water systems are completely separate from EVP, with different operating costs, and requiring different infrastructure improvements that provide no benefit to EVP. D) PWC conducts an evaluation of EVP water system vulnerabilities and upgrade needs to sustain future reliable operation, as requested in the meeting between several EVP residents and PWC's Robert Hardcastle at the offices of Fennemore Craig law firm in Phoenix on March 20, 2013. e) PWC provides Public notice to their EVP customers at least 30 days in advance of AZCC hearings, consistent with AZCC rules. F) Any rulings, decisions, or actions by the AZCC or PWC that result from the Phase1 hearing on September 25 must be declared invalid, as the hearing was held in violation of AZCC procedural rule Rule 14-3-208, requiring Public Notice 30 days prior to the hearing, thus violating the rights of PWC customers to due process. A new Public Notice is required, announcing the hearing date no sooner than 30 days after the notice. Tom Bremer Chairman, East Verde Park Water Committee

\*End of Complaint\*

#### **Utilities' Response:**

#### **Investigator's Comments and Disposition:**

Noted and filed for the record in Docket Control.

\*End of Comments\*

**Date Completed: 9/27/2013**

**Opinion No. 2013 - 113008**

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W-03514A-13-0111  
W-03514A-13-0142

ARIZONA CORPORATION COMMISSION  
UTILITY COMPLAINT FORM

Investigator: Jenny Gomez

Phone

Fax:

Priority: Respond Within Five Days

Opinion      No. 2013 - 112997

Date: 9/26/2013

Complaint Description:      08A Rate Case Items - Opposed  
N/A Not Applicable

First:

Last:

Complaint By:      **Paula B.**

**Rizzo**

Account Name:      Paula B. Rizzo

Home: (000) 000-0000

Street:

Work:

City:      Daytona Beach Shores

CBR:

State:      FL      Zip: 32118

is: E-Mail

Utility Company.      **Payson Water Co., Inc.**

Division:      Deer Creek

Contact Name:

Contact Phone:

Nature of Complaint:

\*\*\*\*\*DOCKET NO. W-03514A-13-0111 & W-03514A-13-0142\*\*\*\*\*  
OPPOSE

The requested rate increase is excessive for a one year jump. The suggested minimum is way to high. Please do not approve this excessive request.

\*End of Complaint\*

Utilities' Response:

Investigator's Comments and Disposition:

Noted and filed for the record inDocket Control.

\*End of Comments\*

Date Completed: 9/26/2013

Opinion No.      2013 - 112997

W-03514A-13-0111  
W-03514A-13-0142

## ARIZONA CORPORATION COMMISSION

### UTILITY COMPLAINT FORM

**Investigator:** Jenny Gomez

**Phone:**

**Fax:**

**Priority:** Respond Within Five Days

**Opinion No.** 2013 - 112999

**Date:** 9/26/2013

**Complaint Description:** 08A Rate Case Items - Opposed  
N/A Not Applicable

**Complaint By:** **First:** Scherry L. **Last:** Duncan

**Account Name:** Scherry L. Duncan

**Home:**

**Street:** Trl

**Work:**

**City:** Payson

**CBR:**

**State:** AZ Zip: 85541

**is:** E-Mail

**Utility Company:** Payson Water Co., Inc.

**Division:** Meads Ranch

**Contact Name:**

**Contact Phone:**

**Nature of Complaint:**

\*\*\*\*\*DOCKET NO. W-03514A-13-0111 & W-03514A-13-0142\*\*\*\*\*  
OPPOSE

Comments: As a customer of Payson Water Company, I am opposed to PWC's proposed 125% increase of it's 2012 revenues. The proposed monthly MINIMUM charge for Mead Ranch residents would increase from \$16 to \$39.24, more than double the current rate. While I understand the need to construct a tiered rate to discourage over-usage of our water resources, the proposed 119% increase is exorbitant. With the PWC's proposal, which states the average monthly usage is 2,856 gallons, the bill would increase \$25.58, from \$21.21 to \$47.09 per month--more than double. I am a retired individual living on a fixed income and can not afford this exorbitant financial burden.

\*End of Complaint\*

**Utilities' Response:**

**Investigator's Comments and Disposition:**

Noted and filed for the record in Docket Control.

\*End of Comments\*

**Date Completed:** 9/26/2013

**Opinion No.** 2013 - 112999